

Public Employees' Retirement Board
Thursday, June 9, 2016

Topic: FY2016 Reserve – MPERAtiv Program

For FY2016 the PERB budget is estimated to come in under the allowable statutory cap of 1.5% of benefits paid. Generally, any amount remaining under the CAP reverts to the pension trust funds. For Project funding, past decisions have been to carryforward the excess budget amount from the current fiscal year to the next fiscal year (FY2017) to pay expenses of the MPERAtiv program, keeping a cushion of \$50,000 to remain in the current fiscal year (FY2016) for any unexpected transactions since the general ledger does not officially close until the 3rd week of July.

Recommended Board Motion:

- ☐ It is the Board's intention to take the following actions regarding the FY2016 dollars remaining under the statutory CAP:
- At a minimum, a balance of \$50,000 rounded up to the nearest one hundred dollars will remain in the FY2016 budget,
 - The remainder of the excess cap as allowed by governmental accounting standards and state policy will be set aside and earmarked for the purposes of funding the MPERAtiv program in FY2017. It is intended that the future spending of this amount will not impact PERB's future budget or budget cap.

☐ Board Pleasure

Moved by

Seconded by

Vote

FY2016 Defined Benefit CAP Carryover

Total Benefits paid FY16	435,415,486
1.5% Budget Cap	6,531,232 (Max of Defined Benefit Budget)
+ Carryover from prior year	1,345,611
- FY16 Actual Defined Benefit Expenses	<u>(5,826,843)</u> This includes DB MPERActiv Costs
= FY16 Amount remaining under CAP	<u>2,050,000</u>
 Total FY16 Carryover	 2,050,000
Less Reserve	<u>(50,000)</u>
Total Projected FY16 Carryover to FY17	<u>2,000,000</u>

FY2017 Defined Benefit Budget CAP

Projected Benefits FY17	448,477,950
1.5% Budget Cap	6,727,169 (Max of Defined Benefit Budget)
+ FY16 Carryover	<u>2,000,000</u>
= Total Budget Cap FY17	<u>8,727,169</u>

FY17 Defined Benefit Budget	9,283,603 Including DB MPERAtiv expenses
- FY17 Development Costs	<u>(969,393)</u> to be expensed over 10 years
= FY17 Net Budget Expenses	8,314,210

Projected Amount under Cap FY17	<u>412,959</u>
(= Total Budget Cap - FY Net Budgeted Expense)	